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11 UNITED STATES DISTRICT COURT
12 NORTHERN DISTRICT OF CALIFORNIA
13 SAN FRANCISCO DIVISION

14 MARVELL SEMICONDUCTOR, INC.,

15 Plaintiff,

16 v.

17 WI-LAN, INC.,

18 Defendant.

CASE NO. C07-05626 SI

**MARVELL SEMICONDUCTOR, INC.'S
ADMINISTRATIVE MOTION FOR
LEAVE TO FILE SURREPLY,**

**SUPPORTING DECLARATION OF LINDA
J. THAYER,**

[PROPOSED] ORDER

21
22 Pursuant to Civil Local Rule 7-11, Marvell Semiconductor, Inc. ("Marvell") respectfully
23 requests leave of Court to file a surreply in response to Wi-LAN, Inc.'s Reply in Support of Its
24 Motion to Dismiss Marvell Semiconductor, Inc.'s Suit for Declaratory Relief. The surreply that
25 Marvell requests leave to file is submitted herewith as Exhibit A.

26 There is good cause for filing the proposed surreply. Wi-LAN's Reply was served on June 6,
27 2008. On that same day, Wi-LAN sent Marvell a new covenant not to sue ("the June 6th Covenant")
28 and filed the June 6th Covenant as Exhibit A to the Reply. In its Reply, Wi-LAN's makes arguments

1 in support of its Motion to Dismiss with reference to the June 6th Covenant. The June 6th Covenant
 2 is new information that Marvell did not have on May 30, 2008, when it filed its Opposition.

3 Marvell requests leave to file a surreply to address facts and misleading arguments relating to
 4 the new June 6th Covenant not to sue.¹ For example, Wi-LAN argues that, with the June 6th
 5 Covenant, there is no remaining controversy between the parties. This is not true, and Marvell seeks
 6 leave to file a surreply to respond to this argument.

7 Marvell's attorneys provided Wi-LAN's attorneys with a copy of the proposed surreply
 8 (Exhibit A) and asked that Wi-LAN stipulate to its filing, but Wi-LAN refused to stipulate.

9 Marvell respectfully requests that, if this Motion is granted by the Court, the Court direct the
 10 Clerk to enter into the record the surreply in Exhibit A.

11 **SUPPORTING DECLARATION OF LINDA J. THAYER**

12 I, LINDA J. THAYER, declare as follows:

13 1 I am an attorney licensed to practice before this Court and all courts of the State of
 14 California, and am a member of Finnegan, Henderson, Farabow, Garrett & Dunner L.L.P., counsel
 15 for Marvell in the above-entitled action.

16 2. The matters stated herein are based upon my personal knowledge, and if called as a
 17 witness, would testify as to the following statements.

18 3. Exhibit A is a copy of the surreply that Marvell requests leave to file.

19 4. On June 6, 2008, shortly after receiving Wi-LAN's Reply and new covenant, I
 20 contacted Wi-LAN's counsel and requested that Wi-LAN stipulate to Marvell's filing of a surreply.

21 5. On June 9, 2008, Wi-LAN's counsel responded that they needed to review a copy of
 22 the surreply that Marvell intended to file before Wi-LAN would stipulate.

23 6. Early today, I emailed Wi-LAN's attorneys a copy of the surreply, filed herewith as
 24 Exhibit A, and requested that Wi-LAN stipulate to its filing.

25
 26
 27 ¹ By addressing only this issue in the surreply, Marvell does not suggest that the Reply
 28 contains no other matters requiring response. Marvell believes it can address those issues at the
 hearing.

7. This afternoon, I received an email from John B. Campbell of McKool Smith, P.C. stating that Wi-LAN would not stipulate to Marvell's filing of a surreply.

8. The representations made above in this Administrative Motion and declaration are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct and this declaration was executed this 13th day of June, 2008, at Palo Alto, California.

/s/
Linda J. Thayer

[PROPOSED] ORDER

Upon good cause shown, **IT IS HEREBY ORDERED** that the Surreply attached as Exhibit A be filed in this case by the Clerk.

IT IS SO ORDERED.

Dated: _____, 2008

Susan Illston
United States District Judge

Exhibit A

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18 MARVELL SEMICONDUCTOR, INC.

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22 MARVELL SEMICONDUCTOR, INC.,
23
24 Plaintiff,
25
26 v.
27 WI-LAN, INC.,
28 Defendant.

CASE NO. C07-05626 SI

**MARVELL SEMICONDUCTOR,
INC.'S SUR-REPLY TO WI-LAN,
INC.'S MOTION TO DISMISS
MARVELL SEMICONDUCTOR,
INC.'S SUIT FOR DECLARATORY
RELIEF**

**Hearing Date: June 20, 2008
Location: Courtroom 10, 19th Fl.
Time: 9:00 a.m.**

I. INTRODUCTION

Marvell filed this declaratory judgment action to obtain relief for itself—and those Marvell partners making, using, importing, and selling, or about to make, use, import, or sell, its Release 5 CDMA chipsets, including “Tavor.” Wi-LAN’s most recent covenant to Marvell—delivered on June 6, 2008, with its Reply—is limited in scope in several key areas, such that Marvell remains fearful of liability for developing, making, and selling these products. First, Wi-LAN has refused to include Marvell’s subsidiaries, affiliates, distributors and suppliers in any covenant not to sue, intentionally leaving those entities exposed to future lawsuits from Wi-LAN. Second, Wi-LAN limits its offer to past and existing products, ignoring Marvell’s representations that it has substantially developed products about to hit the market and leaving those products in a state of limbo. Wi-LAN’s carefully worded covenant also excludes so-called “derivative” products, those future products based on the existing products which may differ in small detail from existing products. Marvell does not want to, nor should it have to, halt its very active development and sales efforts when it believes these products are also non-infringing. However, until this Court finds the patents-in-suit invalid or all of Marvell’s products non-infringing, Marvell and its customers, subsidiaries, affiliates, distributors, and suppliers, would have to live with that fear. If forced to live under a cloud while Wi-LAN waits to enforce its patents, Marvell products may be irreparably disadvantaged in the competitive marketplace. The very essence of the Declaratory Judgment Act is that Marvell be allowed to get peace of mind now—either from Wi-LAN or this Court. Since Wi-LAN has to date refused to give Marvell full peace of mind, Marvell asks this Court to exercise its discretion to do so.

II. ARGUMENT

A. Wi-LAN’s June 6th Covenant Not to Sue Falls Short of Full Peace of Mind for Marvell and Companies in the Product Chain

1. Marvell’s Subsidiaries, Affiliates, Distributors, and Suppliers Are Excluded

Wi-LAN’s covenant not to sue dated June 6, 2008 (“June 6th Covenant”) is limited to “Marvell Semiconductor, Inc. and its customers,” explicitly carving out many entities that make, use,

1 import, or sell Marvell's Tavor family of chipsets. To date, Wi-LAN has refused leaving one to
 2 assume that Wi-LAN is reserving the right to sue up and down the supply chain at some future
 3 date—just like it is currently doing with the Texas Actions¹ involving another of Marvell's product
 4 lines. In the two Texas Actions, Wi-LAN filed suit against chip suppliers like Marvell, Broadcom
 5 and Intel, computer makers like Apple, Dell, Lenovo and Sony, and retailers like Best Buy and
 6 Circuit City. Jim Skippen, Wi-LAN's president and CEO, has publicly stated that suing multiple
 7 companies in the product chain is Wi-LAN's intentional plan to bring "maximum pressure" on the
 8 companies to settle.²

9 The Declaratory Judgment Act is designed to provide companies like Marvell an alternative
 10 to waiting for a patent owner like Wi-LAN to employ "scare-the-customer-and-run tactics that
 11 infect[ed] the competitive environment of the business community with uncertainty and insecurity."
 12 *Teva Pharms. USA, Inc. v. Novartis Pharms. Corp.*, 482 F.3d. 1330, 1336 n.2 (Fed. Cir. 2007). Wi-
 13 LAN has already brandished its patents (including the RE37,802 patent ("the '802 patent") at issue
 14 here), both in pre-litigation communications and by filing the Texas Actions. Marvell filed this suit
 15 to gain some assurance for itself and its customers, subsidiaries, affiliates, distributors, and suppliers
 16 that they will be forever free from threat of suit with regard to the Marvell Release 5 CDMA
 17 products. To that end, a covenant not to sue that does not also protect others in the Marvell product
 18 supply chain only delays resolution of this existing controversy to a later date of Wi-LAN's
 19 choosing and is inconsistent with the purpose of the Declaratory Judgment Act.

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 21
 22
 23 ¹ On October 31, 2007, Wi-LAN filed two complaints in the Eastern District of Texas,
 24 Marshall Division, (Civil Action Nos. 2:07-CV-00473 TJW and 2:07-CV-00474 TJW, collectively
 "the Texas Actions").

25 ² *Wi-LAN, Inc. F4Q07 (Qtr End 10/31/07) Earnings Call Transcript*,
 26 <http://seekingalpha.com/article/59761-wi-lan-inc-f4q07-qtr-end-10-31-07-earnings-call-transcript?source=financialcontent>.
 27
 28

1 **2. Wi-LAN's Covenant Excludes Products Existing After June 6th**

2 Wi-LAN's covenant not to sue also excludes products about to hit the market and leaves
 3 those products in a state of limbo. Wi-LAN's June 6th Covenant described the covered products as
 4 "Marvell's Tavor UMTS Release 5 HSDPA chipsets, as those chipsets exist today or have existed in
 5 the past." However, Marvell has chipsets with this core processor technology in various stages of
 6 development, from the PXA930 processor currently being sold in the recently-released Blackberry
 7 Bold handset,³ to variations and improvements on this core processor technology under development
 8 by Marvell and its customers which have been simulated, validated, and taped out, but are not yet
 9 released. Still others have finalized designs based on the fixed Release 5 standard, but have not yet
 10 been taped out or implemented in a prototype; however, significant amounts of time and money have
 11 been spent developing these products. Under a strict literal reading of the June 6th Covenant, Wi-
 12 LAN could argue that any variation or improvement product released after June 6, 2008, is excluded
 13 from the covenant.

14 As Marvell has explained in its Opposition, with this language, Wi-LAN also conveniently
 15 left itself the argument that Marvell products that have been modified—even in slight,
 16 inconsequential ways unrelated to the core processor technology—after June 6, 2008, also fall
 17 outside the covenant and remain fair game. Marvell has such so-called "derivative" products already
 18 in the pipeline and would like the freedom to release others. Without an assurance from Wi-LAN
 19 that derivative products would not infringe (which Wi-LAN has not yet given even as to existing
 20 products) or adjudication by this Court of the questions of whether products with the core processor
 21 technology infringes and/or whether the Wi-LAN patents are invalid, Marvell is commercially
 22 harmed, as it is effectively prevented from further expanding the product line based on the Tavor

23
 24 _____
 25 ³ In Marvell's Opposition and the supporting Declaration of Shyam Krishnamurthy, the fact
 26 that the Tavor PXA930M processor was to be released in the Blackberry Bold was redacted as
 27 confidential. See Opposition, p. 4; *Declaration of Shyam Krishnamurthy*, ¶ 9. This information is
 28 now currently available and therefore need not be redacted or kept confidential in future papers.

1 UMTS Release 5 HSDPA technology, even though it is confident that these derivative products also
2 do not or would not infringe the patents-at-issue in this suit.

3 Wi-LAN fashioned its June 6th Covenant after the one in *Crossbow Tech, II*, on a mistaken
4 belief that *Crossbow Tech. II* sets the standard for sufficiency of covenants not to sue. *See Crossbow*
5 *Tech., Inc. v. YH Tech.*, 531 F. Supp. 2d 1117, 1122 (N.D. Ca. 2007) [hereinafter “*Crossbow Tech*
6 *II*”]. However, sufficiency is determined by the specific facts of each situation, and the situation in
7 *Crossbow Tech II* bears no factual resemblance to the current case. In *Crossbow Tech II*, the
8 covenant not to sue was limited to the listed products “as they exist today or have existed in the
9 past,” in part because that is all the situation dictated. *Id.* Prior court decisions had so limited the
10 scope of relief available to Crossbow, that it decided to dismiss—with prejudice—its infringement
11 suit against the accused infringer.⁴ Crossbow did not offer, and the accused infringer did not
12 demand, that the covenant include future products because they were not relevant to that case.⁵ The
13 court agreed that “the covenant in [that] case is exhaustive of all potentially infringing products that
14 Crossbow may sue for” and granted Crossbow’s motion, dismissing the case. *Crossbow Tech. II, Id.*
15 While the court found that the covenant as worded in *Crossbow Tech II* was sufficient under the
16 factual scenario of that case to remove subject matter jurisdiction, *Crossbow Tech II* does not stand
17 for the proposition that the exact same wording in other situations, like the one here, would also be
18 sufficient.

19 Wi-LAN also argues that its June 6th Covenant “directly parallels” the covenant that it gave
20 Marvell on its PXA90x chipsets, products which it has already admitted do not infringe. Reply, p. 3.

21
22 ⁴ A few months before the decision in *Crossbow Tech II*, the *Crossbow* Court has dismissed
23 other defendants in the case and, shortly thereafter, the Supreme Court issued its decision in
24 *Microsoft Corp. v. AT&T Corp.*, 550 U.S. ---, 127 S. Ct. 1746 (2007), limiting liability for software
developed in the United States and exported to a foreign country to be copied and incorporated into
an infringing product. *Crossbow Tech II*, 531 F. Supp. 2d at 1119.

25 ⁵ It should be noted that the covenant not to sue in *Crossbow Tech II* also involved an
26 individual accused infringer, having no subsidiaries, affiliates, distributors, and suppliers, and
27 therefore there was no need to include them. Additionally, the only infringement at issue was the
28 individual’s past development of a purportedly infringing device for a prior company.

1 But whether the June 6th Covenant “parallels” any earlier covenant is not the question, and is
 2 irrelevant because Wi-LAN has agreed the PXA90x does not infringe. What matters is whether the
 3 covenant granted by Wi-LAN fully resolves the existing controversy between the parties under the
 4 law. For the reasons stated above, it does not.

5 **B. This Court Should Exercise Its Discretion to Hear This Action Because Doing So**
 6 **Would Afford Marvell and Others Relief From Uncertainty Over Its Products**

7 District courts are given the discretion, in declaratory judgment actions, whether to hear the
 8 actions, and Marvell respectfully submits that this Court should do so in this case. Even pre-
 9 *MedImmune*, the Federal Circuit counseled that “[w]hen there is an actual controversy and a
 10 declaratory judgment would settle the legal relations in dispute and afford relief from uncertainty or
 11 insecurity, in the usual circumstance the declaratory judgment is not subject to dismissal.”
 12 *Genentech, Inc. v. Eli Lilly & Co.*, 998 F.2d 931, 937 (Fed. Cir. 1993). Since the Supreme Court’s
 13 decision in *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007), the Federal Circuit has urged
 14 district courts to employ an even more lenient standard, stating that “an Article III case or
 15 controversy will arise and the party need not risk a suit for infringement by engaging in the
 16 identified activity before seeking a declaration of its legal rights.” *SanDisk Corp. v.*
 17 *STMicroelectronics, Inc.*, 480 F.3d 1372, 1381 (Fed. Cir. 2007). In *Teva Pharm. USA, Inc. v.*
 18 *Novartis Pharm. Corp.*, 482 F.3d 1330 (Fed. Cir. 2007), the Federal Circuit adopted the “all
 19 circumstances” test that the Supreme Court had suggested in *MedImmune* as the proper approach.
 20 Under that approach, all the circumstances must show (1) that the party instituting suit has standing
 21 and (2) that the issue presented is ripe. *MedImmune*, 549 U.S. at n.8 (a matter is ripe when there is
 22 “hardship to the parties [in] withholding court consideration” citing *Abbott Labs. v. Gardner*, 387
 23 U.S. 136, 149 (1967)).

24 **III. CONCLUSION**

25 The Declaratory Judgment Act provides companies like Marvell with the option of not sitting
 26 around waiting for Wi-LAN’s patent litigation shoe to fall. Marvell wants to go forward in the
 27
 28

